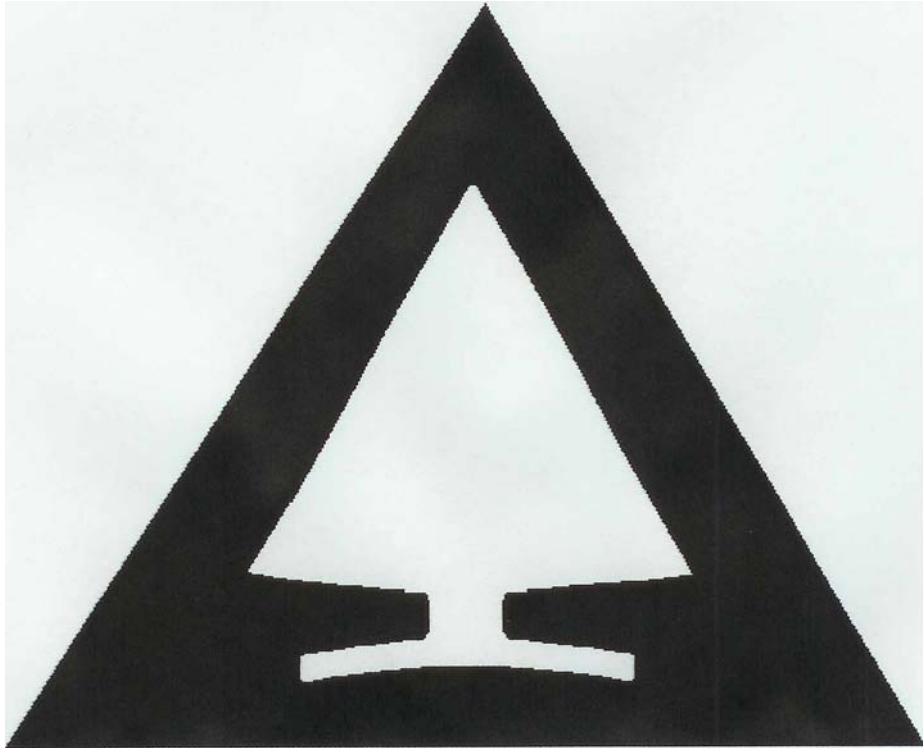


# ARROWHEAD IMPROVEMENTS ASSOCIATION



## BOARD OF DIRECTORS POLICY HANDBOOK

Adoption by Board of Directors 10-21-06

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# ARROWHEAD IMPROVEMENTS ASSOCIATION BOARD OF DIRECTORS POLICY HANDBOOK

## SECTION I. CODE OF ETHICS AND CONDUCT

### A. Authority of the Board

We the Board of Directors (Board) of the Arrowhead Improvements Association (Association) having been elected, and having the authority to manage the affairs of the Association, pledge to follow the Declaration of Protective Covenants and Restrictions (Covenants), Regulations, and By Laws.

### B. Board Member's Pledge

- a. To keep in confidence all sensitive information.
- b. To respect the majority rule.
- c. To respect all Board members.
- d. To serve the whole community.
- e. To set aside individual needs and desires.

### C. Conflict of Interest

Any Board member having a conflict of interest with the Association should disclose this to the Board and refrain from voting on that manner.

## SECTION II. COMPOSITION AND OPERATING PROCEDURES OF THE BOARD

### A. Membership

The Board shall consist of seven (7) members. There shall be four (4) officers: President, Vice-President, Secretary, and Treasurer.

### B. President's Role

President shall preside over the Board and have responsibility for the general operations of the Association. The President participates in all affairs and votes.

### C. Chain of Command

The officers of the Association, in descending order shall assume the presidential duties in the event he/she is absent.

**D. Quorum of the Board**

A quorum of the Board shall consist of four (4) directors to conduct Board business at a regular meeting.

**E. Robert's Rules of Order**

All Board meetings will be conducted according to Robert's Rules of Order.

**F. Property Owner**

All Board members shall own property at Arrowhead, but residency is not required.

**G. Board Minutes**

All Board minutes will be taken by the Secretary or Board appointed recorder. Any owner may request a copy of the minutes through the AIA Office. Preliminary and final minutes shall be posted to the Website.

**H. Travel Expenses for the Board**

The Association may pay reasonable travel expenses for directors at the discretion of the Board.

**I. Record Retention**

Copies of any significant Association documents should be filed in the AIA Office.

**SECTION III. POLICIES, PROCEDURES, AND RESPONSIBILITIES**

**A. Horse Corrals**

1. The Covenants state that the Association shall provide facilities for horses owned by lot owners as long as adequate demand can be demonstrated.
2. Facilities are currently leased on an annual basis.
3. A separate liability insurance policy is maintained.

**B. Fishing**

1. The Board stocks the Flint Lakes each year.
2. Owners, their guests, and Inn guests may fish in Arrowhead lakes.
3. The fishing limit is three fish per day.
4. Owner's guests must have a fishing permit acquired from Security.

5. Anyone fishing who is under the age of twelve (12) must be accompanied by an adult.

**C. Special Use Permits**

1. We have a Forest Service Special Use Permit for the Alpine Road that allows the Association to use, maintain, and plow snow. It does not have an expiration date, but can be revoked by the Forest Service.
2. The winter parking area established in 1999 and expanded in 2004 has a special use permit through Gunnison County.

**D. The Ridges' Lots**

The Ridges' lots were placed under the same dues structure as all other lots in the development. There are special regulations applying only to the Ridges' lots.

**E. Filing Roads**

The Association will only maintain those roads that are currently named: Ponderosa Way, Spruce Road, Spruce Drive, Balsam Road, Balsam Drive, Timber Drive, Crest Drive, Wildflower Drive, Snowshoe Lane, Ridge Road, Rim Road, Columbine Drive, Ute Drive, Juniper Drive, Aspen Drive, Aspen Trail, and Deer Trail.

**F. Center Stake**

If a property owner's center stake is missing, it will have to be reestablished at the owner's expense. The original survey maps were prepared and retained by Inter Mountain Technical Service, Inc., 1360 Motor Street, Grand Junction, CO. 81501.

**G. Grazing**

Grazing of animals (except resident horses) is not allowed. They may transverse over Arrowhead property along Alpine Road as quickly as possible.

**H. Speed Limit**

The speed limit for the filing roads is twenty (20) mph.

**I. Smoke Signals**

Smoke Signals is to be published bi-monthly.

**J. Employees**

1. All employees are paid hourly.
2. Employees reporting responsibility is as follows: office manager to the president or designee, security officers to the Board Liaison for security, and the heavy equipment operator to the Board Liaison for heavy equipment.
3. All employment policies are described in the Employee Handbook.

**K. Election Policy**

1. Election committee – The committee shall consist of the Secretary of the Board, who shall serve as chairperson, and three owners. Additional owners may be selected to assist with ballot mailing or vote counting.
2. Description of ballot materials and their preparation:
  - a. Outside envelope for mailing the materials to the owners. Printed on the envelope are the owner's name and mailing address and the Arrowhead office return address.
  - b. Ballot describing the vote and boxes for voting.
  - c. A return envelope. Front side is addressed to the AIA office with the owner's name and return address. On the back side of the envelope add the following information:
    - (1) Owner's signature line
    - (2) Limit one ballot per mailing
    - (3) Insert your sealed ballot envelope into this return envelope, seal, affix first class postage and mail.
    - (4) Ballot is invalid if not properly completed and returned.
  - d. A ballot envelope that will fit into the return envelope. Printed on it are the words: "Ballot envelope, insert only one voted ballot"
  - e. Letter explaining the election or action to be voted on and the reasons, which have been advanced, both for and against the action. In addition, it is to contain the recommendation of the Board on the proposed actions other than elections and the position of each board member either for or against the action. This document will also contain the instructions for voting:
    1. Indicate your vote on the ballot.

2. After voting your ballot, insert the ballot in the special envelope and seal it.
3. Insert the special envelope into the return envelope that is addressed to the AIA office.
4. Please don't include payments or correspondence.
5. Sign and date as indicated on the return envelope.
6. Seal the envelope, attach a first class stamp and mail.
7. Only one voted ballot per mailed envelope is permitted. If more than one ballot is placed in a return envelope, none of the ballots will be counted.
8. Only ballots received by 99/99/99 will be counted.

### 3. Voting Procedures

- a. . The ballot must be mailed at least 45 days before last day of balloting.
- b. Obtain a database of current owners. This database will be used to generate the mail merge for the envelopes. This same data will be used to create two sets of tally sheets that have the headings of L,B,F, Last Name, First Name, Address. One tally sheet (sorted alphabetically) will be use used to record outgoing ballots that were sent and returned. Tracking returned ballots is very important to make sure multiple ballots aren't received for the same lot. This could occur by someone committing fraud or if a lot is in transition of a sale process and an old owner and a new owner both send in a ballot or we give out a replacement ballot and two show up. The second tally sheet (sorted by L,B,F) will be used to handle questions that come up when a property is sold during the voting process.
- c. When the outgoing envelopes are being printed , keep them in the same alphabetical order as the alpha tally sheet to make it easy to tally during the ballot envelope stuffing process.
- b. Just prior to the day the committee comes to assemble the outgoing ballot materials, obtain a listing of the lots that are not complying with the Covenants and/or not current with the Association dues or fines. Developer lots are not to be included in the voting process either. The committee will pull these lots from the ballot materials

and set them aside so they are not mailed. Tally sheets to be so noted.

- c. On ballot assembly day, committee members stuff the envelopes and mark the tally sheet to show who was sent a ballot. Then the AIA office attaches first class postage and the materials are delivered to the Post Office.
- d. As the returned ballots come in, the AIA office will maintain them in alphabetical order for speedier ballot count processing. (Outside envelopes are not to be opened.) If the vote is one that requires a 60% quorum, the AIA office will keep track of what ballots are returned by owner. If it appears the 60% quorum is in jeopardy, then the list will be used to call the owners that haven't returned their ballots to encourage them to do so.
- e. Replacement ballots may be issued upon request. Note this on the tally sheet.
- f. After the cutoff date, the committee meets to count the ballots. The process works best using pairs of counters and splitting up the returned ballots among them. First step is to mark the tally sheet for which owners returned ballots. This is to make sure we don't have duplicates, fraud, old and new owner for the same lot voting, etc. Then the envelopes are opened and the ballot envelopes separated from the return mailing envelopes. The reason for the separation is to keep the owner's vote confidential. Ballot envelopes are opened and counted. Results summarized and reported to the Board Secretary.
- g. All voting materials to be put into a sealed box, retained for 90 days and then destroyed.

3. Board elections – No one standing for election shall participate in administering that election. The committee shall solicit notices of intent to run for Director from interested owners. Each candidate shall prepare a short biographical sketch of no more than 120 words, which will be included in the ballot mailing. No campaign speeches are to be part of the sketch. The final list of candidates shall be presented to the Board at least sixty (60) days before the ballots are mailed. The candidates may be introduced to owners at the annual meeting or any regular meeting. If there are no contested openings, the candidates may be affirmed by a vote of the Directors without owner's vote.

## **L. Financial Policy**

1. The fiscal year is from January 1<sup>st</sup> through December 31<sup>st</sup>.

2. The Association shall have an independent audit performed each year.
3. The Association's Treasurer shall reside over all the financial affairs of the Association. This includes but not limited to the budget, accounting services, funds held in banks, and delinquent accounts. Current financial reports are to be presented at each meeting. The following reports shall be presented to the Board:
  - a. A balance sheet.
  - b. An income statement with comparisons to budget.
  - c. A statement of cash flows.
  - d. A check register.
  - e. A delinquent dues report.

**M. Operational Reserve**

At least six (6) months of operating expenses shall be reserved at all times. Borrowing from this account is possible with Board approval, and with a payment plan established by the Board.

**N. Designated and Undesignated Fund Balance**

These funds are the members' equity. Funds may be designated for a specific purpose during the budget process or by a vote of the Board.

**O. Fiscal Control**

1. The Associations accounting service shall pay all bills.
2. The Treasurer must verify all written checks. The bank statements will be checked against the check register.
3. Any impropriety will be brought immediately to the attention of the Board.
4. Paid checks and supporting documents shall be filed in the Association office under the control of the Treasurer.
5. An expense reimbursement form shall be used to support all requests for reimbursements.
6. All checks over \$1,000.00 shall require the manual signature of the treasurer or president.

**P. Budget Process**

The Treasurer and two additional members, one board, and one non-board shall be the budget committee, and shall prepare the annual budget and present it to the Board for approval.

**Q. Petty Cash Account**

1. The Board will determine if petty cash is needed.
2. The Treasurer will establish the account, and be responsible for obtaining

reconciliation records from the person controlling the account.

**R. Purchase Order Policy**

1. Prior to charging for products or services at any AIA approved vendor, you must have a purchase order number. Purchase orders are available on request at the AIA office.
2. If you call the AIA office for a number only, you must forward the invoice immediately to the AIA office to process.
3. If you have a physical purchase order, an invoice is still required. Attach the invoice to the purchase order and deliver or forward immediately to the AIA office.
4. The AIA office or a Board member must approve and sign the purchase order.
5. The AIA office will keep a purchase order log and record numerically all purchase order numbers.
6. A purchase order that has been approved then cancelled, must be marked "void" on the purchase order log then marked "reassigned" when used again.
7. The accounting office will determine when accounts are payable.
8. The purchase orders and invoices shall be sent to the accounting office weekly for payment.
9. All new vendors must be notified that a purchase order number is required for any charges.
10. The accounting service will not pay any invoice without a P.O. number.
11. No non-recurring invoices will be paid without a purchase order.
12. Recurring expenses (i.e. utilities) do not need a P.O. number.

**S. Purchase Authorization Limits**

The purchase authorization limits are to control and monitor the expenses of the association.

1. The AIA office is authorized to approve purchases not to exceed \$300.00.
2. All Board members are authorized to approve purchases up to, but not to exceed \$1000.00.
3. The Treasurer or President shall approve all expenditures over \$1000.00, but not too exceed budget-approved limits.
4. Any expense not approved in the budget must have Board approval prior to any authorization of said expense.

**T. Dues Collection Policy**

Association fees are mailed to the accounting office of Hamrick & Associates.

1. Dues invoicing shall be sent quarterly to each owner at least fifteen (15) days before the beginning of the quarter.
2. All invoiced amounts are due by the end of the first month of the quarter.
3. Any unpaid amounts are included in the next cycle of invoicing.
4. A late fee of thirty-five dollars (\$35.00) shall be assessed for unpaid dues

sixty (60) days after the end of the quarter and the collection attorney notified by the accounting office to begin collection procedures.

5. Interest will be applied to past due accounts sent to the attorney for collection.
6. The attorney shall send a demand letter within fifteen (15) days.
7. The attorney shall send a notice of lien thirty (30) days after the demand letter is sent.
8. The attorney shall file a lien fifteen (15) days after the notice of lien.
9. The attorney shall notify the Board of account details (unpaid taxes, prior liens, and additional encumbrances) within fifteen (15) days so the Board can decide whether to proceed with foreclosure.
10. The accounting office shall immediately notify the attorney if payment is received for any account previously referred to the attorney.
11. The attorney shall send all copies of the collection letters to the AIA office.
12. The attorney may assess additional collection fees before filing a lien.
13. The Board may decide to enter into a payment agreement with the owner anytime during the collection process, but will notify the attorney and accounting office of any action.

**U. Late Fees and Interest Charged**

1. A late fee of thirty-five dollars (\$35.00) shall be assessed for unpaid dues sixty (60) days after the end of the quarter and the collection attorney notified by the accounting office to begin collection procedures.
2. Interest at 1% per month shall be charged beginning when the account is turned over to the attorney.
  - a. Full assessment is \$300 per lot, per year.
  - b. Pay \$75.00 - 1<sup>st</sup> quarter, January 1<sup>st</sup>. thru March 31<sup>st</sup>, send bill December 1<sup>st</sup>, due January 31<sup>st</sup>.
  - c. Pay \$75.00 - 2<sup>nd</sup> quarter, April 1<sup>st</sup> thru June 30<sup>th</sup>, send bill March 1<sup>st</sup>, due April 30<sup>th</sup>.
  - d. Pay \$75.00 - 3<sup>rd</sup> quarter, July 1<sup>st</sup> thru September 30<sup>th</sup>, send bill June 1<sup>st</sup>, due July 31<sup>st</sup>.
  - e. Pay \$75.00 - 4<sup>th</sup> quarter, October 1<sup>st</sup> thru December 31<sup>st</sup>, send bill September 1<sup>st</sup>, due October 30<sup>th</sup>.

**V. Association Insurance Coverage**

The following is an overview and the policies provide the actual details. There are five (5) policies giving coverage for the different parts of the operations. The liability limits of \$1,000,000.00 per occurrence are common to all policies.

**1. Board of Directors**

Directors and Officers Liability – Coverage for the Board for suits

brought by members of the Association for negligent acts or decisions made in the management of the Association's business.

**2. Fire Department**

AIA Fire Operations – Coverage for the Firehouse, liability for volunteer fire operations and EMT work, auto coverage on the fire vehicles, and equipment coverage for portable equipment used in fire and rescue.

**3. Risk Plan**

Association Land Operations – Coverage for the existence hazards of maintaining the roads and buildings for the entire subdivision. Includes property coverage for buildings, maintenance equipment and vehicles, auto insurance, general liability for land, roads, and lakes, and equipment coverage for various equipment needed for general upkeep such as the loader, welder, snow groomer, etc.

**4. Horse Corral Liability**

Special coverage expressly for the corrals and pasture used by the Association, owned by the Squirrell's. The Squirrell Trust is an additional insured on this coverage.

**5. Honesty Bond**

Bond – A \$75,000.00 honesty bond covering all employees.

**W. Security**

The process for resolving violations for the Covenants and Regulations is as follows:

1. Security investigates by talking with the property owner and other parties involved to gather as much information as possible, and to resolve the situation.
2. If the situation is unresolved, or the property owner is not on the mountain, and the problem is related to a violation of property, a letter is sent to the property owner explaining the violation and requesting the owner to call or write the security liaison.
3. After thirty (30) days, if there is no resolution, a second (2<sup>nd</sup>) letter is sent.
4. A registered letter is sent if there is still no resolution after the second (2<sup>nd</sup>) thirty (30) days,
5. If there is still no resolution or response, the matter is turned over to the Board for action as outlined in the Regulations.

6. For violations that endanger the safety and welfare of other property owners, a warning is issued either verbally or in writing. If a second (2<sup>nd</sup>.) infraction occurs, the violation is referred to the Board for immediate action as outlined in the Regulations.

**X. Committee and Liaison Purposes**

**1. Budget**

The purpose of the budget committee is to prepare the annual budget and present it to the Board for approval.

**2. Community Center**

The purpose of the community center committee is to investigate the need and feasibility of building or acquiring a facility to be made available to Arrowhead owners for community, charitable, educational, religious, and literary activities.

**3. Design Review**

The purpose of the design review committee is to establish a harmonious design for the community and to protect and promote the value of properties in keeping with the Covenants and Design Regulations.

**4. Equestrian**

The purpose of the equestrian committee is to establish guidelines for administering and maintaining facilities for boarding of horses owned by Arrowhead owners and their guests on land controlled by the Association, so long as adequate demand exists. The liaison acts as the primary contact with the equestrian committee and the Arrowhead Riders Club.

**5. Fire Department**

The purpose of the fire department is to interact with the Arrowhead Volunteer Fire Department, which strives to prevent fires and protect property and life in the event of fire or other emergencies within Arrowhead or as needed in the surrounding areas.

**6. Hazel Lake**

The purpose of the Hazel Lake Committee is to study the attributes of the lake, dam, and water source to determine the feasibility of increasing the water held in the lake.

**7. Heavy Equipment**

The purpose of the heavy equipment liaison is to oversee the heavy equipment operator, who is responsible for maintaining and improving the filing roads, Alpine Plateau Road, and equipment building and assisting with other common area maintenance and improvements requiring the use of the heavy equipment.

**8. Long Range Planning**

The purpose of the long range planning committee is to identify long-range issues facing Arrowhead and present potential courses of action for consideration of the Board.

**9. Maintenance and Improvements**

The purpose of the maintenance and improvements committee is to oversee the maintenance and improvements to all common areas excluding roads, parking lot, and equipment building.

**10. Security**

The purpose of the security liaison is to oversee security activities, which consist of enforcing the rules and regulations of Arrowhead as contained in the Covenants and Regulations.

**11. Social**

The purpose of the social committee is to plan and coordinate educational, recreational, and social activities for Arrowhead owners.

**12. Voting**

The purpose of the voting committee is to oversee the voting for the election of Board members and any other matters to be brought before the owners.

Adoption 10-16-04 by Board of Directors